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Counsel to the Initial Debtors and Debtors in Possession

Proposed Counsel to the GK8 Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

CELSIUS NETWORK LLC, *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 22-10964 (MG)
)
) (Jointly Administered)
)

NOTICE OF FILING OF DECEMBER 20, 2022, HEARING PRESENTATION

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (collectively, the “Debtors”) hereby file the presentation (the “Presentation”), attached hereto as **Exhibit A**, that will be used at the hearing that will take place on **Tuesday, December 20, 2022 at 10:00 a.m., prevailing Eastern Time** (the “Hearing”) before the Honorable Martin Glenn,

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); Celsius US Holding LLC (7956); GK8 Ltd. (1209); GK8 UK Limited (0893); and GK8 USA LLC (9450). The location of Debtor Celsius Network LLC’s principal place of business and the Debtors’ service address in these chapter 11 cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030.

Chief United States Bankruptcy Judge of the United States Bankruptcy Court for the Southern District of New York.

PLEASE TAKE FURTHER NOTICE that copies of the Presentation and other pleadings filed in the above-captioned chapter 11 cases may be obtained free of charge by visiting the website of Stretto at <http://www.cases.stretto.com/celsius>. You may also obtain copies of any pleadings by visiting the Court's website at <http://www.nysb.uscourts.gov> in accordance with the procedures and fees set forth therein.

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New York, New York
Dated: December 19, 2022

/s/ Joshua A. Sussberg

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Counsel to the Initial Debtors and Debtors in Possession

Proposed Counsel to the GK8 Debtors and Debtors in Possession

Exhibit A

Presentation

Celsius

Statement of Ongoing Business Activities

In re Celsius Network LLC, Case No. 22-10964
United States Bankruptcy Court for Southern District of New York
Honorable Chief Judge Martin Glenn
December 20, 2022

Topics Covered

- i. Business Operations Update**
- ii. KERP Update**
- iii. Sale Process**
- iv. Standalone Reorganization Overview**
- v. Mining Activities**

Business Operations Update

Liquidity Forecast

- By end of 2022, the Debtors expect to have baseline liquidity of approximately \$95 million.
- Excluding proceeds from the sale of GK8 and the sale of stablecoin, the Debtors forecast that additional liquidity will be required by March 2023.
- The Debtors estimate that the recent GK8 sale would extend the Debtors' runway through April or May of 2023. Access to proceeds from the sale is contingent on recognition and closing of the sale in Israel and the Bankruptcy Court resolving the issue of which party is entitled to the value of the sale proceeds. GK8 filed for recognition in Israel on December 19, 2022. The Debtors expect to receive the Israel recognition ruling by late January 2023.
- The Debtors estimate that the sale of stablecoin would add an additional month of runway. When including the proceeds from the GK8 sale, the Debtors' total runway would extend through May or June of 2023.

Business Operations Update (cont'd)

Coin Report

- Total coin value as of November 25, 2022, was approximately \$2.6 billion. This includes over \$1 billion in ETH and stETH, and approximately \$630 million in BTC and WBTC.
- The equity hole, including coin and non-coin assets, is approximately \$1.2 billion.

Custody and Withhold Account Withdrawals

- Court approved Debtors' motion to allow certain Custody Assets and Withhold Assets to be returned to Customers now.
- The Debtors are currently working to implement the order and begin to return these assets as soon as possible.

KERP Update

- The Debtors consulted with outside advisors to develop a Key Employee Retention Plan (“KERP”).
- The Debtors’ KERP plan included around 59 employees (representing ~35% of the total current workforce, excluding employees who have submitted their resignation or are in the notice period following RIF action). The Debtors have continued to evaluate employee withdrawals before the pause. As a result, the Company in consultation with their advisors, the Special Committee, and the Creditors’ Committee, have reduced the initial list.
- The Debtors and their advisors continue to evaluate the employees that were initially held back to confirm whether any of these employees should still qualify for the KERP.

Sale Process

- Since September 2022, the Debtors, with the support of their advisors, have been conducting a marketing process for the Debtors' retail platform and mining business.
- The Debtors' advisors contacted over 125 parties, with 30 potential bidders executing non-disclosure agreements.
- The Qualified Bid deadline was Monday, December 12, which was the deadline by which interested parties had to submit bids with definitive documentation and a good-faith deposit.
- The Debtors received multiple bids proposing a range of potential transaction and business structures to acquire the retail platform and provide value to the Debtors' estates. The Debtors also received a number of single asset bids.

Sale Process (cont'd)

- Bids received include the following potential structures:

Customer Migration

- The acquiror will pay the Debtors' estates to migrate customer accounts and the Debtors' crypto assets to the acquiror's platform.
- Customers will receive access to a percentage of the Debtors' crypto assets on the acquiror's platform.

Asset Management Platform

- The Debtors' assets will be transferred to a newly formed asset management entity managed by the acquirors.
- The Debtors' creditors will receive crypto tokens representing the value of assets and business operations in the newly formed entity, which will trade on the blockchain, as well as tokens representing a portion of the management fee paid to the asset manager.

Distribution Services

- The Debtors' assets will be transferred to the acquiror's platform.
- The Debtors' creditors will receive access to a pro rata portion of the Debtors' crypto assets through the acquiror's platform.
- Illiquid assets transferred to special purpose vehicles with equity in the acquiror's platform distributed to creditors.

Standalone Reorganization Overview

- NewCo intends to create creditor value and establish trust by solving investment needs with transparency and accountability for mass affluent and high net worth crypto investors.

Wealth Management Platform

NewCo intends to offer sophisticated crypto investing with access to independent crypto service providers and fund managers.

Customer Control through Trusted Technology

Core values of NewCo will focus on preventing past failures in CeFi by leveraging independent custodians and blockchain technology.

Creditor Owned Business

NewCo will be owned and controlled by Celsius creditors.

Ownership

Customers will own the business and retain control of their assets.

Transparency

Customers will be able to verify their asset activity through on-chain Proof of Reserves and Proof of Liabilities.

Accountability

Business activities will be fully auditable and compliant.

Interoperability

Product architecture will contribute to open, shared infrastructures inline with crypto ethos.

Mining Activities Update

- The Debtors continue to build out their mining operations, with an emphasis on managing costs and driving operational efficiencies.
- Mining operations have generated positive adjusted EBITDA every month this year through November 31, 2022.
- The Debtors have completed construction, energization, and deployment of rigs at 3 of the 4 proprietary mining sites:
 - Garden City, Texas (12 MW), the Debtors' first site to go online, has been mining BTC since September 2022. The site has high uptime and currently produces approximately 30 BTC per month.
 - Rebel, Texas (25 MW) and Stiles, Texas (20 MW) went online in mid-December 2022.
- The fourth mining site, East Stiles, Texas (30 MW) is expected to go online in January 2023. The Debtors have completed the transmission and distribution work, and construction on 2 of the 4 buildings.